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ABSTRACT

Prospective research on the politics of school finance is linked to current major policy issues in this paper. Two main sections discuss the politics of revenue raising and distribution within school districts. New developments include a combination of qualitative and quantitative methodologies, and of policy instrument research with financial instrument research. Recommendations are made for revisions of older issues, increased educational research funding, and incorporation of a political analysis in school reform finance research. Three tables and an extensive bibliography are included. (LMI)

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THE POLITICS OF SCHOOL FINANCE: IMPLICATIONS FOR RESEARCH*

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Changing Focus and A Lack of History

This paper is designed to help set priorities for future research in the politics of school finance. It is not a comprehensive overview of all prior research in the field, but rather links prospective research to current major policy issues (Garms, Guthrie, & Pierce, 1988). This paper is divided into two main sections, one concerning revenue raising and the other the distribution within school districts.

In recent years, research on the politics of school finance has placed less emphasis on traditional topics such as:

1) local tax and bond elections (Piele & Hall, 1973; Hamilton & Cohen, 1974);

2) the distribution of state aid among the various localities, and the causes and impact of enhancing equity through revisions in state aid formulas (Fuhrman, 1982; Berke, Goertz, & Coley, 1984);

3) the interaction of equity oriented law suits with the state political process (Van Geel, 1982; Kirp, Yudoff, & Levin, 1987);

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4) the politics of overall federal aid distribution among or within states (Berke & Kirst, 1972);

5) the politics of tax and spending limits (Kirst, 1980; Williams, 1982).

These topics received substantial attention during the 1970s, while a focus on academic academic "reform" and its political causes appeared in the 1980s. School finance was seen as an adjunct to school improvement, academic standards, and teacher policy, and not the driving political force. More money was justified as a necessary part of academic improvement, but the distributional issues received much less political and research attention. The key issues concerned the presumed linkage between economic growth and increased standards for students and teachers. The research focused on the academic and teaching reform agenda and not the finance forumulas (Mueller, 1986). Federal aid issues were overlooked, while attention was limited to minor programs, such as Chapter 2 and the impact of the Secretary of Education's use of the bully pulpit (Jung & Kirst, 1986).

The 1980s continued a prior pattern of scant research on the micro politics of finance <u>within</u> school districts. The bulk of the literature encompassed macro distributional issues (e.g., federal or state) or elections. Theoretical work on political economy and incentives within school districts has increased, but very little of this work is field based or traces in detail the allocation of dollars among functions or schools within a

district (Boyd, 1982; Niskanen, 1973). Consequently, the micro politics of school finance remains largely unexplored. For example, we know something about school budget routines, formulas, and pay scales, but there are few specific studies of the details surrounding these internal budget allocations (Guthrie, 1988; Bracket, 1986).

Research on politics of school finance follows the "hot issues" of the moment. When academic reform is center stage, case studies state academic reform appear. When spending and tax limits are prominent political issues, these are featured. But there has not been a commitment to an ongoing longitudinal body of research on any finance topic, as evidenced by the striking drop in studies of local school tax and bond elections, and the discontinuation of the U.S. Department of Education's annual compilation of the percentage of successful school bond elections.

Political science departments have demonstrated scant commitment to school finance politics, so the bulk of the research is carried on by professors in schools of education. Most of these professors are in educational administration departments, and move from topic to topic depending on their own interests or which issues immediately concern politicians. Consequently, we can not follow longitudinally such issues as school finance equity despite the large amount of finance equity included in the post 1983 state reform laws (Odden, 1986). No national research center on school finance exists to provide

continuity. Important areas of inquiry remain unexamined. For instance, taxpayers from 1983 to 1986 have been willing to provide much more property tax money, even after voting for tax limits from 1977 to 1981 (Odden, 1986). Why this change in public attitude? Is it merely a reflection of positive economic trends after the 1980-82 national recession? We do not know and there is no sustained research program to find out. Such research needs also to be informed by overarching political theories, but political scientists have barely begun this task (Wright, Erickson, & McIver, 1987).

The 21 percent increase (after inflation) in school spending from 1983-87 is a good example of our uncertainty about the relative importance of political and economic causes. Two scholars predicted steady state funding in the 1980s based on such trends as a higher percent of adults in the population, competition from day care, and federal budget deficits (Kirst & Garms, 1981). But this scenario was overwhelmed by unanticipated political forces. In the 1960s, political scientists contended that economic variables were crucial predictors of school expenditures, and political variables such as election turnout and party affiliation unimportant (Dye, 1979; Hofferbert, 1966). But new research suggests a crucial link between public opinion and the willingness of states to increase education expenditures, (Wright, Erickson, & McIver, 1987). This study used as a measure of public opinion the liberal-conservative ideological identification of state electorates in

cumulative CBS/New York Times opinion surveys. Statistical tests were conducted of state policies on eight separate issues, one of which was public education spending per pupil. The authors concluded

> Our results show that high state income predicts liberal state policies largely because state income is correlated with the degree of liberal sentiment of state public opinion. Rather than concluding that state policy is inevitably determined by state wealth, we report with some confidence that liberalism or conservatism of state policy results largely from the source that democratic theory would direct us to: the relative liberalism or conservatism of the state's electorate. (p. 992)

But what really causes a brief upsurge like 1983-1986 in school spending? Only a longitudinal study that examines school spending with economic and political trends could answer such a question. Yet the history of the politics of school finance is discontinuous and provides few clues explaining these trends. The 1983-86 increase was caused in part by local spending on property taxes that was not part of the Wright et al. study of state budgets (Gold, 1988).

Much of the research on the politics of school finance has addressed federal education distributional and growth issues, because the federal government has been willing to fund it. Federal RFPs specify detailed studies of the major federal programs--Chapter 1, vocational education, Chapter 2, and special education. We have a longitudinal base on Chapter 1 that examines both the distribution formula and the political issues (Doyle, 1988). These federal studies have focussed on political pressure from Congress and the Executive for "compliance" with

federal intent. They demonstrate that precise regulations coupled with sustained enforcement can make a difference (Kirst & Jung, 1986). But federal aid is less crucial in 1988 than in 1968, and this line of research is yielding diminished returns. The same can be said for the numerous studies of the politics of passage of a large federal program (Radin & Hawley, 1988).

Perhaps the newer federal political issues will revolve around child care or children's servicesoutside of the normal operating hours of the K-12 system. The financing formula in the federal child care ABC bill may be a bigger issue than the annual increments in Chapter 1 or vocational education. Large scale federal aid to schools is not likely in the near future so federal level politics will continue to be finetuning of the existing federal categorical base. Some small scale federal programs might be important, such as federal aid for the National Assessment of Educational Progress and the National Teacher Standards Board, but these are not costly. In sum, the federal agenda has been driving much of school finance research, but other than the school finance equalization project in the 1970s (Sherman, 1983), federally sponsored research has not extended much beyond periodic evaluations of major categoricals. The federal government, however, has supplied the only longitudinal and historical perspective on school finance, other than the NEA's annual statistical compilations.

The federal government has been sponsoring research on policy indicators in various fields such as science, math, and

other academic courses. School finance needs a similarly generally agreed upon set of output indicators to guide studies of input/output relationships. The current finance indicators are often too general, such as per pupil expenditures or the amount spent on instruction or fixed charges. Political studies could employ resource allocation indicators, such as teacher experience, tracking, or course offerings, as well as dollar specified indicators. But research on multiple indicators of resource allocation has barely begun (California State Department of Education, 1988).

THE POLITICS OF REVENUE RAISING

The recent unusually large increase in school funding has reawakened interest in the old topic of the extent of politics versus economics influence upon different spending patterns. At the state level, for example, the recent finance increases might have taken place without the "reform movement." State economies were recovering from the recession in 1982 and rapid economic growth ensued. States like Nebraska and Louisiana did very little new financing after 1983 while experiencing economies. California and Florida funded increases above inflation, while their economies were rapidly growing.

If political forces are influential on aggregate spending, then why were the predictions in 1979 of steady state funding so low (Kirst & Garms, 1981). Obviously, the economy is crucial but what about states that raised taxes like Arkansas, South Carolina, and Texas? How does one disentangle statistically the

independent effect of economic and political influences? Perhaps a robust economy is a necessary but not sufficient condition, but conjoint with the 1983 education reforms. Sufficient conditions arose to ensure the available dollars went to schools and not for roads.

Salmon (1987) implied that efforts made to increase expenditures were due to the education reform movement. Feordalisi (1987) suggested that the recent increases were caused primarily by prevailing economic conditions. Odden (1987) emphasized the increase of percentage of GNP and personal income alloted to education in the mid-1980s, and suggested reforms were important for this increase. After examining why some states increased so rapidly, Gold (1988) contended that there are three prime causes: (1) strong economies in particular states; (2) enrollment increases; (3) some states placed a high priority on education. This latter conclusion reinforces findings that a state's political orientation toward increased spending is important, and the liberalism or conservatism of a state matters over the long run (Wight, Erickson, & McIver, 1987). A few states had large increases because of special factors; for example, Massachusetts and California passed initiatives that severely constrained local property tax revenue raising.

Attempts to statistically model changes in public school expenditures using economic, demographic, social, and political variables are sometimes called "determinants" (James, Thomas, & Dyck, 1963). Hawkins (1988) stresses that these models may be

misspecified, assume linear relationships, omit interactions among the independent variables, use cross-section analysis, and cannot reach consensus on measures of fiscal capacity. The search for reliable cause and effect models continues.

We can conclude that there is a need for more studies with improved theoretical frameworks and statistical models. Moreover, we need to consider competitors for K-12 education funds such as child care, adult education, and welfare reform. New initiatives in these areas could siphon off scarce federal or state aid from K-12. Major international external events could affect overall education spending, such as an oil crisis, or a significant improvement in the U.S. trade deficit. A U.S. trade surplus might cause a loss of political interest in human capital as a way to compete internationally. All of these external economic events will be mediated by the political cohesion of the education coalition. Will it likely hold together or splinter as is evidenced in the attempts to restructure schools?

School Finance Reform Politics

From 1970 to 1980 the school finance reform movement claimed impact upon 20 to 25 states that contain about 60 percent of the nation's pupils (Fuhrman, 1982). In order to look forward it is useful to review the political strategy of the 1970s. Its predominant approach has been to "level up" the low spending districts without decreasing spending in the wealthy districts. Landmark progress toward this goal came in 1969, in large part because of such successful court suits as Serrano vs. Priest in

California and Robinson vs. Cahill in New Jersey. These suits declared that the property tax based system of financing education was unconstitutional because school districts with low assessed value of property per pupil could not raise as much money with the same tax rate as their wealthy neighbors. For example, in Oregon, the Brothers Schools District had a 1975 assessed value of $537,761 per pupil while the Knox Butte District was restricted to $16,119. While the U.S. Supreme Court in the Rodriguez vs. Texas case ruled this problem was not a federal issue, a nationwide network was created that orchestrated and spread finance reform to state agendas (Kirst, 1980).

What has happened to this school finance network in the 1980s? We are not sure, but parts of it are still advocating reform. The lawyers are the key initiators in many states (West Virginia, Colorado, New Jersey), but lobby groups from the Ford network are still active in some states (Texas and Washington). Their impact is not well known. Indeed, the Ford network has shattered into opposing forces, as evidenced by the New Jersey law suit where several Ford-supported university experts testified for the plaintiffs, while others backed the defendants. What is motivating and financing the continued interest among the lawyers? There is a need for a longitudinal 1969-1988 study of school finance reform politics as part of a larger effort to initiate more comparative state political studies using the same variables.

Shifting Control of Schools and Finance Issues

In the 1970s, there was some research on whether a higher percent of state finance resulted in more control by state government (Wirt, 1980). The results were negative or inconclusive, but this was before the recent state reforms. How does the source of funds influence which level of education has more or less control? How does this vary by policy area such as curriculum, personnel, and construction? If school restructuring includes more school site decision making, what role does school site budget flexibility play in school based decisions? How do the various formulas used to distribute state funds in the 1983-87 era have differential effect on local control? For instance, prior studies were completed before state governments became more sophisticated in using curriculum alignment of state tests, texts, and frameworks to guide local curriculum content. These curriculum alignment strategies along with other policy instruments to increase academic standards may decrease local control. But additional state policies do not always count in a zero-sum game with local discretion, because some types of state policy instruments may actually increase local capacity (McDonnell and Elmore, 1987). Likewise, federal aid has become gradually more flexible and is less of an issue in shifting control. Local education agencies have become accustomed to the prevailing modes of federal aid (e.g., Chapter 1) and the political issues are mostly routine (Jung & Kirst, 1986).

Politics of Public Financing of Private Schools

Public aid for private schools has been characterized in a

recent review as "politics against choice" because of a lack of federal action (Jones, 1988). Despite the Reagan election and Coleman report, choice advocates have been unable to move their agenda forward.

> Unaccustomed to center stage politics, the movement is very poorly organized. Attempts at state level reform through referendum failed. What leadership there was focussed its hopes on Washington, D.C. at precisely the wrong time. (Jones, p. 159)

The Minnesota example, however, has galvanized interest in state mandated open enrollment laws, but private schools are excluded. Despite the paranoia that vouchers and tax credits caused public school advocates to feel, private schools receive a smaller proportion of government aid to education today than they did a decade ago (Jones, 1988). The politics of private school aid seem less favorable than six years ago. Why is this true? What strategies could turn this around? What conditions external to schools might have a major impact? The Catholic Church did not lobby vigorously for increased Chapter 1 aid. Is the Church losing interest in "hardball politics" to support its schools? The politics of education choice at the federal level from 1955 to 1965 included a major role for Catholic lobbies, but not in the 1980s. We need to know more about the Catholic lobby at the state level where they have had success (Iowa) and failure (California). Perhaps the next Minnesota state legislation to provide open enrollment among all public schools will lead to more state aid for private schools.

School Finance and Referendums

The referendum, among other things, is a device for registering the extent of public support for schools. Unhappiness with excessive spending, insensitive teachers, lack of student discipline, objectionable curricula, or even the losing football team can all generate lack of support. Simply voting "no" is a convenient way of expressing this dissatisfaction. Of course, happiness with other facets of school policy can motivate a "yes" vote. Given the convenience of this device for voters, then, school boards and administrators have to pay attention. In short, they must become "political" by seeking to mobilize group support within the community for what they see as necessary funding.

In the late 1960s and early 1970s, school authorities found that this support was drying up. Whether because parents were increasingly unhappy with schools or squeezed by galloping inflation or whether there were simply fewer parents with children in the public schools, referenda did not gain the public support they once did.

The Taxpayer Revolt: Is It History?

Figure 1 traces voting patterns for school bond issues from 1957 to 1986. Here we can see the wave of nonsupport for local

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Insert Figure 1 about here

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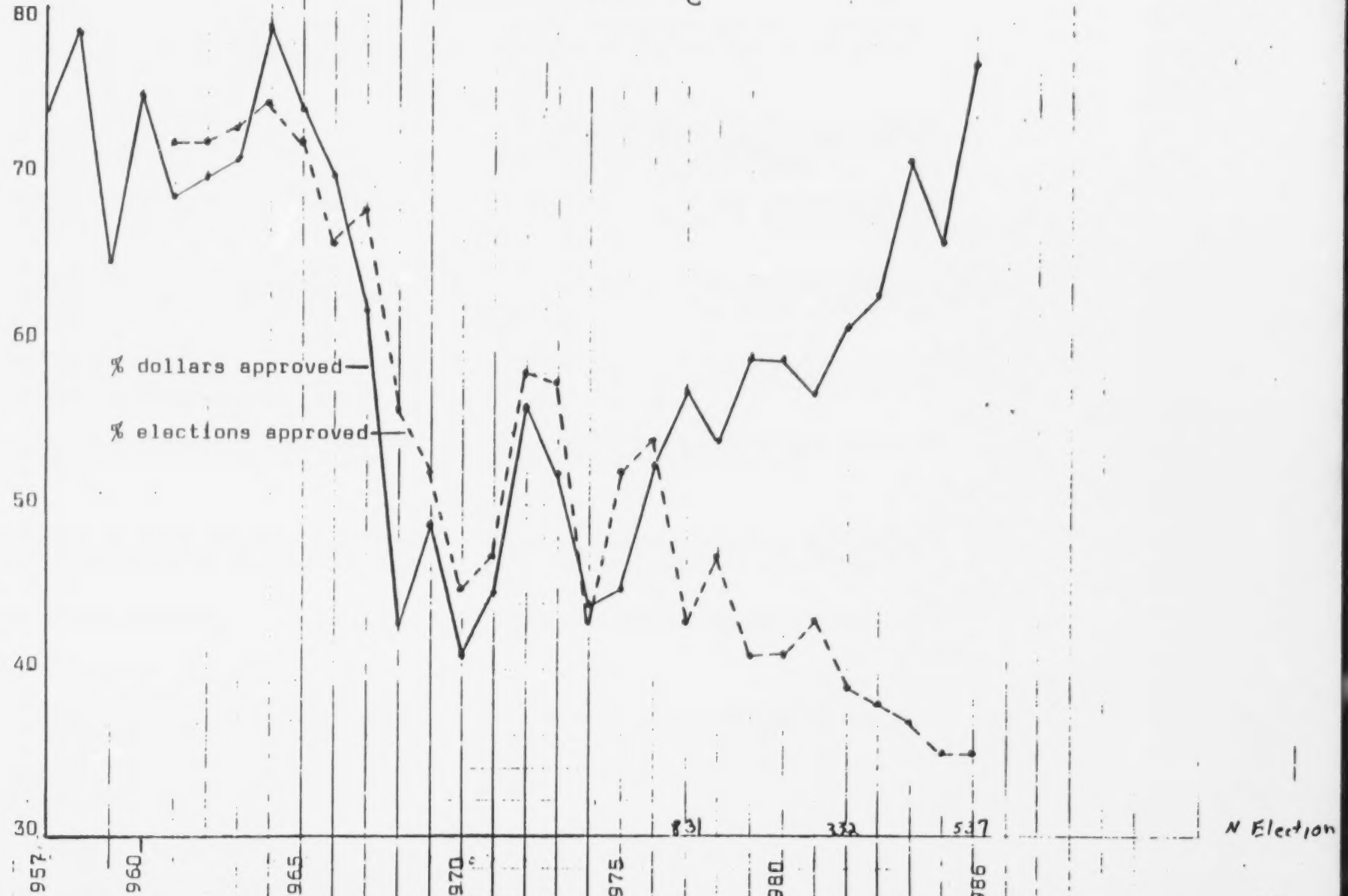
school financing in bond approval rates over three decades, reflected in the proportion of successful referenda and their

Figure 1
Three Decades of
School Bond Approval,
1957-1986



Source: Annual Reports, National Center for Educational Statistics, 1957-1976, combined report 1977-1986 (August 1987)

dollar value. The figure displays massive shifts in both measures, signaling the volatile political world of changing educational needs. The early 1960s witnessed the greatest input of support, when the last baby boom students and a reaction against Russian space developments generated demands for capital construction. About 75 percent of both referenda and dollars requested were approved then. Soon, though, both these support figures fell off dramatically until 1970 (success rates dropped to 41-45 percent). Next, amid the OPEC oil crisis and school expansion in the Sunbelt states, another cycle of success and failure followed until 1976. For these 20 years, success in both measures were extremely parallel; the rank coefficient of the two curves is about .9.

But in the decade after 1976, these two measures of system response to educational needs drastically split, going in opposite directions; the coefficient changes to -.7. The number of bond elections (noted beneath the graphs of Figure 1) fell after 1977 from 831 to 332 in 1982 and rose again about 60 percent over the next five years. However, the number of these offerings was unrelated to the success rate, which fell ever lower, ending at 35 percent in 1985 and 1986. But surprisingly, the amount of money successfully approved increased just as steeply, from 45 to 77 percent! That increase paralleled an increase from 1983-1986 in the absolute dollar amount submitted for approval (from $1.8 to 5.2 billion). One could interpret these graphs better if regional figures were available (the

dollar increase may be related to school expansion in the Sunbelt) or if we knew the data for levies and budget elections.

But the record in Figure 1 of public response to school financial needs over these 30 years points to voter dissatisfaction and the uncertainty surrounding the political system of local boards and superintendents. Imagine the difficulty these authorities have in estimating what the voters will accept; we explore what they actually learned from such defeat later. For the total system, however, changing the dollar amount submitted to voters did not improve either the success rate or the dollar amount approved over the entire three decades. Of course, these are aggregate figures for a total political system of educational authority; they mask the distinctions caused by regional and community context. The recent increase in the amount of dollars could be explained by several factors including recent enrollment increases, concern about foreign competition, or specific state and local issues.

Linkages Among Voters, Turnout, and Success in School Referenda

When a citizen votes aye or nay on a secret ballot for a school budget, levy, or bond issue, no one is there to inquire what she or he has in mind. Yet this is an important query, both for school authorities, who need to finely tune their public support if they are to mobilize sufficient financial resources, and for scholars interested in the conceptual ties of the act of voting to its outcome. The importance for the authorities has long been known; many professionals regret the time required to

go about with a tin cup among the citizens, as they see it. Practical advice on the voter linkage has abounded for years--some based on singular, anecdotal evidence but some based on research.

When scholars started to study these linkages, an extensive but complex body of knowledge emerged, which we will sketch out here. First it is important to discuss the underlying concepts about this linkage and then fill in with some of the strongest evidence. Figure 2 outlines the basic paradigm of this research effort and details some of its components (Wirt & Kirst, 1988).

Insert Figure 2 about here

The primary concept of these linkages outlines a model, namely: (1) present policy events within the school system are affected by (2) previous voting outcomes on school referenda, (3) which in turn were a consequence of the turnout, and (4) the turnout was a product of characteristics of the voters, their district, or both, and (5) this action can be explained in several ways.

We can begin at the left side of the model. There has been much research on which particular <u>voter</u> characteristics are associated with a larger turnout or with voting for or against a referendum, but very little of this research has been done in the 1980s. These characteristics are usually measured by social and attitudinal qualities (status, ethnicity, ideology, attitudes

Figure 2. Model of research into financial referenda

Voter Characteristics: →	*Individual-Level Explanations* →	*Turnout* →	*Voting Outcome* →	*Subsequent Policy Events* →
Variable – status – ethnicity – ideology – school attitudes	Economic—optimization Ethos—other-regarding Psychological—alienation	Percent of eligibles Social composition	Size of support Social composition of yeas and nays	Future frequency of referenda Results of future referenda Amount of funds in future referenda
District Characteristics:	*System-Level Explanations*			Board turnover Superintendent turnover
Demand levels: resources school age cohort	Environmental—macroanalysis			Board policy (program changes)
Structural requirements: – voting – majority submission	Political access—ligitimation			
Amount of politicization	Community conflict			

toward schools). Partial theories rooted in the individual voter's motivations are offered as explanations for these associations. The explanation could be economic; that is, one votes for a referendum if what one gains is more than what the tax will cost or votes against it if one loses more. There are also explanations based on whether the individual is oriented more to self or community. Explanations can also be based on psychological motivations, particularly the degree to which the voters are alienated from society or schools.

Another cluster of characteristics thought to be associated with good turnout and support are traced to district qualities. Districts differ in their demands for educational services, as measured by economic resources of the population or the proportion of school-age children. Explanation is then derived from quantitative analysis of these environmental attributes and can involve testing the propositions that high demand will increase voter turnout or tax support. Or districts can be analyzed by qualifications for voting, size of the vote needed for referenda success, conditions under which financial matters may or must be submitted, and so on. These enable one to explore political explanations, utilizing rational decision making theory. Finally, the degree of political turbulence in a district and the qualities of that history are district attributes that enable one to use community conflict theory as explanations.

These independent variables are much more detailed than the

dependent variables whose explanation is sought. Thus, turnout is usually measured by the proportion and social composition of eligible adults that actually vote. Less studied, but a logical next step, would be to measure what happens after the votes are counted. This would indicate the consequences that follow from passage or failure of a referendum--what happens thereafter to future referenda (frequency, funding, results of votes), to the school authorities themselves, or to school policies?

Referenda Strategies: Learning from Defeat

The only significant attention in recent years paid to the role referenda play in local decision making arises from the Romer and Rosenthal (1979, 1980, 1982, 1983) econometric studies in Oregon and New York of voter treatment of budget referenda. Their theoretical concern was to see how sensitive this political process was to local feelings. Several findings, greatly simplified, are significant.

District leaders sought higher budgets when they could issue threats about what cuts meant, including closing a school. They would not let voters know about state aid of the flat-grant type but would advise them of the matching grant types. The latter required that new local monies be raised to receive additional state grants, an inducement to support the local referenda budget.

But if the referendum was defeated, than what? In response, districts pursued two basic "forget it" strategies. One version emerged in core cities that refused another referendum but

instead relied only on the state-provided percentage increase in its expenditure base. Another version of this strategy was simple--shut down. In May 1987, however, a constitutional amendment adopted in Oregon redefined a district's ability to rely on its previous spending, which may affect both strategies.

In subsequent studies in New York state, Romer, Rosenthal, and Ladha (1984) reported on a second and more familiar strategy--"hit the voters again!" or, "budgeting by a sequence of referenda." Conventional wisdom held that after a first defeat of a budget, officials would reduce its size, resubmit it, and then if that failed, reduce it even lower and resubmit; and so on until the referendum met approval. In practice, this did not appear to be the case. Rather, budgets reductions were small, and many budgets were not changed at all prior to resubmission and subsequent approval. Budget cutting and subsequent approval seemed unrelated. However, the analysis does not explore the effect referendum failure has on school support groups, who may be stimulated to work harder in subsequent elections. These scholars do, though, report that some places more consistently defeat referenda than do others. This suggests the presence of a permanent cohort of nay-sayers large enough to undermine any fiscal adjustments.

District size affects this decision-making process. Smaller districts usually have higher turnouts; in bigger units, many voters act like "free riders," leaving others, especially professionals, to benefit them. Further, larger districts more

often defeat referenda than do smaller units. That result may arise because heterogeneous constituencies in larger units, facing large budget proposals, can find many small things to criticize in the budget. This suggests a process that also works to defeat popular adoption of state constitutions--accumulating small disaffections into a majority opposition.

POLITICS OF INTERNAL ALLOCATIONS OF RESOURCES

The politics of internal allocation of school resources burst upon the national scene in 1987 as a major media issue. U.S. News and World Report magazine was typical of the coverage with its headline story, "Beating back the education `blob' (Solorzano, 1987). Secretary of Education William Bennett galvanized much of this public attention, calling the growing education bureaucracy a "blob that continues to grow no matter what." Key allegations supporting Bennett's depiction of an "uncontrollable blob of bureaucrats" included: a) the portion of spending devoted to teachers' salaries dropped from 50 percent to 41 percent between 1970 and 1987, which in an enterprise like public elementary and secondary education that spends about $200 billion a year, is a very sizeable reallocation; b) instructional costs increased by 67.7 percent between 1960 and 1980, while administrative costs more than doubled (Montague, 1986); c) between 1960 and 1984 the number of teachers grew by 51 percent, principals and supervisors by 79 percent, but other non-classroom staff such as curriculum supervisors and guidance counselors skyrocketed 500 percent.

School administrators and board spokespersons responded with

equally florid rhetoric. Thomas Shannon, executive director of the National School Boards Association, claimed that without administrators to check up on teachers our schools would become "an educational Beirut, a form of neoanarchy" (Solorzano, 1987). Administrators produced their own studies that contended the administrative blob was "an illusion." They claimed that the highest spending rate increases are in areas such as retirement plans and fringe benefits. Such "fixed charges" rose from 7.4 percent of total spending in 1960 to 13.6 percent in 1980 (Montague, 1987). The Department of Education accused the education bureaucracy of trying to "count itself out of existence by defining many administrative employees, such as curriculum planners, as instructional staff" (Montague, 1987). The same issues erupted at the state level when California Governor George Deukmejian debated with State Superintendent of Instruction Bill Honig. Deukmejian rebated taxes by $1 billion in 1988, claiming schools had enough money if dollars were more efficiently allocated in the classroom rather than on overhead like administration.

In 1988-89 school districts will spend about $200 billion or 3.5 percent of the GNP on K-12 education. Despite the political battles, internal allocation of resources within school districts attracts surprisingly little scholarly attention (Thomas, 1971; Gerwin, 1974; Monk, 1988). In the past, the lack of policy articulations from research on education production functions discouraged micro economic education policy research, focusing rather on equity and adequacy of distribution among school

districts, or on such emotional issues as vouchers. Some increase in attention to internal issues occurred in the early 1980s as property tax revolts and economic recession restricted total resources (Kirst, 1982; Kirst, 1983). Then, the education reforms from 1983-86, spurred by concerns about international economic competition, helped to produce school spending increases, after inflation, of 21 percent for the nation as a whole (Odden 1987). Finance research became directed to paying for "reform" and financing new concepts like career ladders for teachers.

It is unlikely that school expenditures can continue to increase as rapidly as since 1983. For example, since 1982, as Figure 3 demonstrates, teacher pay increased much faster than

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Insert Figure 3 about here

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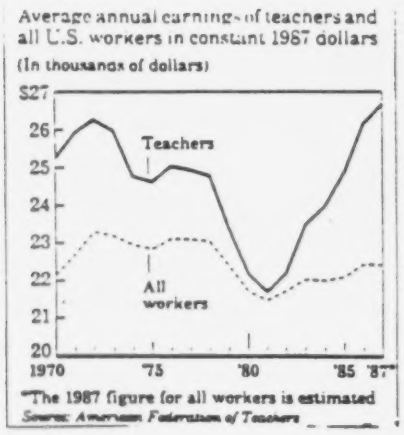
the average annual earnings of all workers. Adjusted for inflation, teacher pay is up only 2 percent from its previous peak in 1972, but the average U.S. worker has not recovered all of the real wages lost in the inflationary 1970s. This growth is bound to slow down, so perhaps the next decade will stimulate more scholarly attention to internal spending decisions.

Politics of Academic and Teaching Reform

The major research in the past five years concerns the state passage of academic and teaching reforms (Mueller & McKeown, 1985). By 1986, shifting issues included restructuring schools and new visions of teacher professionalism. A key unknown is

Figure 3. The rewards of teaching.



Source: The Wall Street Journal, September 21, 1987.

whether a "new coalition" of governors, legislators, and businessmen will emerge to support restructuring issues and push the education coalition into a reactive role, or will these political actors lose interest because restructuring is not creating momentum, and leave the field to the incremental politics of the large education interest groups? Also, what role will the groups organized around categorical programs likely play? These groups, very prominent in the 1970s, are largely on the defensive now and trying to maintain their separate funding streams.

The theme of the 1980s became "money and reform" rather than just money. Political leadership shifted to elected state officials and business groups (Wirt & Kirst, 1989). At the state level, the education coalition has been reacting to proposals rather than initiating its own. Our concern is how these shifting coalitions relate to finance, because finance policy has been a tail on the academic/teacher reform dog. Finance has not been the dominant policy focus as in the 1970's equity era, but rather has been a technical issue attached to higher academic standards. Consequently, we will not know the prime issues in finance reform for the 1990s until, and unless, there is a "second wave" of educational reform.

Concluding Remarks

Any major initiative in the school finance area should include a political component. The politics of school finance has not been a field with a sustained research base or a committed group of scholars. The research is topical and short-

lived. There is a much better longitudinal data base for finance per se than politics of finance. Yet, the two topics are inextricably linked together. Data bases, however, are most useful when they can be linked to political theories. Unfortunately, theoretical work on comparative state politics also remains in an embryonic state (Jewell, 1982).

Some promising methodological developments include combinations of qualitative and quantitative methods. This permits school finance politics to move beyond expenditure categories as outcome variables and include such qualitative indicators as union impact (McDonnell & Pascal, 1988). Another promising development would be to merge research on various policy instruments (e.g., mandates, inducements, capacity building) with finance instruments like incentive formulas and personnel ratios. A potential research focus would be which types of fiscal instruments produce what kinds of political effects (Grubb, 1987).

This paper has demonstrated that there are many new issues in the politics of school finance. But there are also revisions needed of some older issues. For example, there is a good research base concerning the politics of school closings (Boyd, 1982a). But enrollments will be increasing in many states during the 1990s, so we need to contrast decline models with the politics of opening new schools.

But none of this will take place without increased funding for education research. School finance and its politics are rated a top issue by state politicians in each poll taken by the

National Conference of State Legislators. Hopefully, this concern can translate into a stable funding base for some of the critically important research suggested in this paper.

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